

# INDUSTRY UPDATE

Biweekly Period Ending July 29, 2000

## Phoenix Metro Area

### *Manufacturing*

**Gain Technology** plans to **add 50 highly-paid positions** (primarily chip designers) over the next 18 months at its Ahwatukee Foothills facility at 3930 E. Ray Road. Based in Tucson, Gain currently employs about 20 people in Ahwatukee. The privately-held company also is expected to add workers in Tucson, where it now employs 20, for a new chip-testing facility.

**Honeywell Inc.'s Aerospace Division** was awarded a **\$2 billion, 30-year contract** to build 1,200 turbofan engines for an Italian airplane manufacturer. New Jersey-based Honeywell, which had recently said it planned to eliminate 6,000 jobs through attrition and cuts of contract workers, said it's unsure how the deal with Aermacchi will affect those plans. Honeywell has more than 16,000 employees in the Valley.

**Kinetics Group Inc.** has finished building a **new manufacturing and operations facility** in Tempe. Two new buildings encompassing 75,000 square feet doubles the size of Kinetics' chemical blending and distribution operations for the semiconductor industry. An article at *The Business Journal* Internet site did not detail if or how the expansion will affect employment at the company.

### *Transportation, Communications, and Public Utilities*

A Chandler-based company that builds metal enclosures for small- to mid-size telecommunications networks sitting above and below ground is seeing a boon in its business. **Utility Vault**, which **employs 100 people** at a plant just east of downtown, recently purchased 12 acres for expansion of its facility, thanks in part to a \$14 million order by SBC Communications Inc. Utility Vault, which also has

a plant in Dallas, makes about three-quarters of the vaults used nationwide.

### *Construction*

An assortment of residential, commercial, industrial, and mixed-use projects are under development or have begun construction in the past several months:

- Gerding/Edlen Development of Portland has begun work on the first of **several luxury office buildings** that will make up the 50-acre, 220,000-square-foot **One Agave Center** on the southeast corner of Interstate 10 and Warner Road in Tempe. The project will consist of class A office space for back-office, light industrial, and retail operations.
- **United Properties** of Scottsdale plans to **build 304 condominiums and 20,000 square feet of retail and office space** in a six-story building at Central Avenue and Encanto Boulevard in Phoenix. The condominiums will range in size between 900 and 1,500 square feet and be priced between \$140,000 and \$175,000.
- **City of Glendale** officials expect that the completion of Loop 101 to Interstate 10, expansion of a runway at the Glendale Municipal Airport, and the renaming of a Glendale industrial park will **turn an area near 107th and Glendale avenues into a mini-Scottsdale Airpark**. Formerly Glen Harbor Industrial Park, Glendale Airpark is expected to blossom when: an 80-acre parcel on the northwest side of the airport is developed into a business park; a 27-hole golf course is built on the southeast side of the airport; and an additional 90 private and 14 corporate airplane hangars are completed, as well as an 1,800-foot runway extension. The types of businesses expected to spring up are aviation-related, upholstery repair

shops, and paint shops. Already at the airpark are Conair Corp., KB Toys, Parker Hannifin, Avanti Industries and Proto-Vest Inc.

As of mid-July, Tempe-based **MicroAge Inc.** had **eliminated 1,600 jobs**, primarily in Arizona, since it filed for Chapter 11 bankruptcy protection three months ago. The computer distributor and services company has closed all but one of its large warehouses and about half of its computer-integration branches, as annual sales have plummeted by about 75 percent. And a **call-center operation** with 1,200 employees, MicroAge Teleservices, is **expected to be sold soon**. Despite the string of setbacks, officials at MicroAge still believe the 20-year company can re-emerge from bankruptcy. Recently, MicroAge was selected to supply Arizona's 228 school districts with 30,000 to 50,000 computers.

#### *Services*

The Arizona Department of Commerce has awarded **Integrated Information Systems Inc. (IIS)** of Tempe a **\$1.6 million grant** over two years to **train up to 1,500 new hires**. Applicants who complete the specialized training will be eligible for jobs that pay more than \$64,000 a year, according to an article in the *East Valley Tribune*. IIS, which provides a variety of web services (consulting, design, hosting), employs about 600 people and has been **hiring about 50 new employees a month**. The company will be moving its headquarters later this year from 1560 W. Fountainhead Parkway to Brickyard on Mill in downtown Tempe when the high-rise building is completed.

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### **Tucson Metro Area**

#### *Manufacturing*

The last of **Samsonite Corp.'s** U.S. operations that produce soft-side luggage will be moved to Mexico. A phaseout of duties on goods made entirely in Mexico and shipped to the United States makes it cheaper for Samsonite to produce all of the raw materials south of the border. All of the approximately **50 positions at the 6900 S. Park Ave. plant will be eliminated** by late December and **moved to a facility in Nogales, Sonora**.

#### *Trade*

**Home Depot** will begin construction of its **sixth Tucson store** in September, with an opening planned for next summer. The 123,000-square-foot store **at El Con Mall** was given approval by the Tucson City Council after the Atlanta-based home-improvement company agreed to some design changes to "dress-up" the building to blend in with the neighborhood. Stores the size of Home Depot have had a harder time getting city approval since a "big-box" store ordinance went into effect last year, putting more restrictions on retail outlets between 100,000 and 200,000 square feet in size. The El Con Mall location is expected to **hire between 150 and 180 workers**.

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## *INDUSTRY UPDATE*

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